

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**LYNN E. FELDMAN, as Chapter 7 Trustee
of the Estate of IMAGE MASTERS, INC.,**

Plaintiff,

v.

SUNTRUST BANK et al.,

Defendants.

(In re IMAGE MASTERS, INC., et al.)

Civil Action

No. 10-cv-1141

Adversary Proceeding

No. 09-ap-2092

Bankruptcy Docket

No. 07-bk-21587

ORDER

AND NOW, this 6th day of September, 2024, upon consideration of a Report and Recommendation by the Bankruptcy Court pursuant to 28 U.S.C. § 157(c)(1) on Defendants' motions for summary judgment, and the objections thereto, and following oral argument held on August 20, 2024, and for the reasons set out in the accompanying Memorandum Opinion, it is hereby **ORDERED** that:

1. The Report and Recommendation (Ex. A to ECF No. 410 in 09-ap-2092) is **ADOPTED** in part and **OVERRULED** in part as set out in the accompanying Memorandum Opinion.

2. The motions for summary judgment (ECF Nos. 294, 299, 301, 303, 304, and 305 in 09-ap-2092) are **GRANTED in part and DENIED in part** as follows:

- a. The motions are **GRANTED** on the issue of whether all Defendants received Image Masters payments in good faith. Specifically,

- i. The motions are granted as to all Defendants' good faith defenses under 11 U.S.C. § 548(c) and 12 Pa. Cons. Stat. § 5108(a).
 - ii. The motions are granted in part as to good faith defenses by Defendants Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Wells Fargo Bank, N.A., Bank of New York, and Park Granada, LLC, as to fraudulent transfer claims under 11 U.S.C. § 550(b) to the extent that all Defendants took "for value, ... in good faith, and without knowledge of the voidability of the transfer avoided." The motions are denied to the extent it remains a disputed fact which Defendants are subsequent transferees entitled to raise a defense under § 550(b).
 - iii. The motions are granted as to Defendants Federal National Mortgage Association and Federal Home Loan Mortgage Corporation regarding preference claims to the extent these Defendants took for value, in good faith, and without knowledge of the voidability of the transfers. The motions are denied to the extent it remains a factual dispute whether these Defendants were subsequent transferees.
- b. The motions of Defendants CitiMortgage, Inc. (including ABN Amro and Principal Residential Mortgage), Wells Fargo Home Mortgage, Wells Fargo Bank, N.A., SunTrust Bank, Countrywide Home Loans, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation are **DENIED** on the issue of whether Defendants were mere conduits of Image Masters' payments.

- c. The motions of Defendants Federal National Mortgage Association and Federal Home Loan Mortgage Corporation are **DENIED** as to whether Image Masters' payments were actually fraudulent.
- d. The motions are **DENIED** as to the ordinary course of business defense.
- e. The motion of CitiMortgage, Inc. (including ABN Amro and Principal Residential Mortgage) is **GRANTED** as to the subsequent new value defense to the same extent recommended by the Bankruptcy Court. The motions of the other Defendants are granted on the subsequent new value defense only to the extent that the defense can apply to payments from Image Masters' clients.
- f. The motions of Defendants Federal National Mortgage Association and Federal Home Loan Mortgage Corporation are **DENIED** as to the securities safe harbor of 11 U.S.C. § 546(e).

BY THE COURT:

/s/ Mitchell S. Goldberg
MITCHELL S. GOLDBERG, J.